OTTAWA CONVENTION CENTRE

CENTRE DES CONGRÈS D'OTTAWA

An Agency of the Government of Ontario | Un organisme du gouvernement de l'Ontario

Annual Report 2013/2014

OTTAWA CONVENTION CENTRE
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55 Colonel By Drive Ottawa Ontario K1N 9J2

1-800-450-0077 • 613-563-1984 • ottawaconventioncentre.com

Ontario

Executive Leadership Team

PATRICK KELLY
PRESIDENT & CEO

DAN YOUNG
VICE-PRESIDENT,
FINANCE AND ADMINISTRATION

PAUL KEOGH
SENIOR VICE-PRESIDENT

JENNIFER McCRARY
GENERAL MANAGER
(until October 28, 2013)

NINA KRESSLER
GENERAL MANAGER
(from October 28, 2013)

OCC Board of Directors

JIM DURRELL (CHAIR)
OCTOBER 25, 2006 –
DECEMBER 12, 2013

MARC SEAMAN (CHAIR
DECEMBER 13, 2013 –
DECEMBER 12, 2014)
AUGUST 15, 2012 –
AUGUST 14, 2015

BERNIE ASHE
OCTOBER 23, 2008 –
NOVEMBER 30, 2014

RICHARD BROWN
DECEMBER 11, 2013 –
DECEMBER 10, 2016

DALE CRAIG
APRIL 18, 2007 –
APRIL 17, 2013

MONA FORTIER
DECEMBER 11, 2013 –
NOVEMBER 30, 2014

DAVID GOLDSTEIN
NOVEMBER 14, 2012 –
NOVEMBER 13, 2016

ANNIE HILLIS
DECEMBER 11, 2013 –
DECEMBER 10, 2016

CYRIL LEEDER
MARCH 28, 2007 –
SEPTEMBER 6, 2013

PATRICK W. MURRAY
APRIL 16, 2008 –
DECEMBER 23, 2013

PATRICIA PARULEKAR
MAY 9, 2007 –
JANUARY 15, 2014

MARY PITT
OCTOBER 11, 2006 –
JANUARY 15, 2014

MARIASSUNTA SCANGA
DECEMBER 11, 2013 –
DECEMBER 10, 2016

DAVID W. SCOTT
DECEMBER 11, 2013 –
DECEMBER 10, 2016

JIM WATSON
JANUARY 26, 2011 –
NOVEMBER 30, 2014

Message from Chair and President/CEO

Our third year of operation will be looked upon as a period of continued progress towards the maturation of the Ottawa Convention Centre (OCC) brand within its key markets, and growth of our reputation as a provider of outstanding client experiences.

While the number of conventions (39) in 2013/14 declined from the post-opening "honeymoon" year of 2012/13 (57), it was nonetheless a busy and fulfilling year. The OCC hosted 498 total events, and produced $77.1 million in economic impact for the Ottawa region, including $30.3 million in taxes generated for the three levels of government.

The OCC continues to benefit from a strong reputation within the convention and event markets as a provider of extraordinary client and delegate experiences. The OCC overall client satisfaction score in 2013/14 remained at 4.6 out of 5.0. Following are two testimonials that are representative of client feedback that we receive on a regular basis:

I encourage everyone to step inside and experience Canada's Meeting Place and the people who represent it. They welcome a challenge and they are extremely open to customization to suit you and your guests. I look forward to working with the great people at the OCC and their preferred suppliers in years to come and hope their eagerness to be the best in the business continues to be fuelled by their collective passion and integrity.

Claire Mills
Director, MARCOM Annual Forum
Vice-President, Professional Development Portfolio / Senior Consultant
Centre of Excellence for Public Sector Marketing

The team at the OCC can be described as nothing short of exceptional – truly a group of consummate professionals. The entire process from contract signing through to the post-conference wrap-up felt like a true partnership and a valued one at that! The state-of-the-art facility speaks for itself and it is very clear that the OCC and its staff have a true understanding of the events industry and the ever-changing needs of its clientele. I sincerely look forward to my next event at the OCC.

Chriss Holloway
Conference Manager
The Canadian Conference on Medical Education (CCME)

Financially, gross revenue projections of $15.4 million finished $1.1 million under budget and $736,000 under the previous year. The negative variance to budget, and last year, was largely due to a shortfall in food & beverage revenues, resulting mainly from the decline in convention volumes. Despite the food and beverage revenue challenge, we were able to achieve our operating surplus budget of $371,885, due to strict expense control and strong space rental revenues.

Our operating performance continues to be bolstered by our strong relationship with our service partners, most notably Aramark Entertainment Services (Canada) Inc., Freeman Audio Visual and Freeman Electrical Services. Their day-to-day contributions to client satisfaction and revenue generation are invaluable to us, and they continue to seamlessly integrate themselves into our service and brand reputation.

During 2013, the OCC Executive Team developed a new strategic plan covering the period 2014-2020. The plan addresses the level of annual financial performance necessary by 2020 in order to support ongoing operations. Titled "The Future", it provides a roadmap towards achieving annual gross revenues of $20 million by 2020, driven primarily by achieving an average of 60 conventions per year by that time.

As always, OCC success is largely dependent upon the strength and competitiveness of our overall destination. We were encouraged when Ottawa Tourism announced, in June 2013, a return to a more sustainable annual spending budget and enhanced sales and marketing investments in our key convention markets. This return to competitive funding was a result of the Ottawa-Gatineau Hotel Association successfully implementing the Destination Marketing Program, and consequently being able to provide Ottawa Tourism with an enhanced level of funding support. This has enabled Ottawa Tourism and OCC to increase our joint activities and investments, not only in our premier markets of Ottawa and Toronto, but also in the relatively untapped convention markets of the United States and Europe. These measures have already served to increase awareness of Ottawa as a global convention destination, as well as attract bookings from those markets.

The year saw a number of departures and arrivals to our Board of Directors, none more notable than the departure of our Chair, Jim Durrell, at the end of his term in December. Jim joined the Board as Chair in October 2006, with a mandate to develop a game plan that would lead to the development of a new and larger convention centre. Jim rose to the challenge in typical fashion, and it's difficult to imagine our current successes without his vision and leadership at the beginning of, and throughout, our redevelopment project. As a tribute to Jim's many contributions to the development of the OCC, the former Executive Boardroom, our premier boardroom, was renamed the Jim Durrell Boardroom.

We are very proud of the efforts and accomplishments of our OCC colleagues, management and Board of Directors in 2013/14, and remain confident of our continued success in the years to come.

Marc Seaman
Chair, Board of Directors

Patrick Kelly
President & CEO

Corporate Goals

OCC's 2013/14 corporate goals are based on the following strategic imperatives: The Owner, The Client, the Colleague & Partner and The Community.

The Owner

We recognize the important role OCC plays in generating broad economic benefits throughout the community and as such we maintain a system for calculating and documenting economic benefits arising from our activities and how these benefits are distributed throughout the community.

Economic Impact for 2013/14

In the 2013/14 fiscal year, OCC hosted 30 conventions and tradeshows that drew at least 25% of participants from outside the Ottawa-Gatineau area. This equalled over 40,500 out of town visitors, who boosted Ottawa's economy by approximately $77 million in direct spending, including:

- $54 million in attendee spending
- $19 million in exhibitor spending
- $4 million in production spending.

This direct spending contributed approximately $63 million to Ottawa's GDP and supported approximately 1,000 jobs, resulting in $44 million in direct and indirect labour income. This includes $28 million in labour income that stems from 724 jobs that are supported directly by events held at OCC.

Financial Results

Goal	2013/14 Objective	2013/14 Result
Gross Revenue	$16.5 million	$15.4 million
Net Operating Profit	$370,779	$371,885
Booking Pace	$16.3 million	$11.5 million

The Client

OCC recognizes the paramount importance of client satisfaction and reflects this through systems and procedures that ensure superior customer service from initial contact through to final invoicing.

Our clients continue to show their enthusiasm for the OCC through their responses to our client satisfaction surveys. For the second year in a row, we exceeded our target for overall satisfaction with a final score of 4.6 out of 5. This year's scores for response rate and customer service were 46% and 4.7 out of 5 respectively, equalling last year's high marks. Clients also showed their appreciation for our food quality and presentation by awarding us with an overall score for the year of 4.6 out of 5. We expect these scores will continue to climb next year with the release of our new menus which have been updated to better suit our clients' needs and requests.

Before OCC opened in 2011, we set a goal for ourselves to win the AIPC APEX Award for the World's Best Convention Centre by 2016, by applying in both 2014 and 2016. We are still on track for this achievement and look forward to the results for 2014. The APEX Award is handed out bi-annually and is based solely on results of a client satisfaction survey carried out by Ipsos.

Colleagues & Partners

OCC recognizes the fundamental role of colleague and partner excellence in delivering a superior event experience. For this reason we will maintain a formal program to recruit, retain, recognize and train colleagues in all key areas of the organization, and maintain positive and mutually supportive partner relations.

This past year we set some aggressive goals around our colleague satisfaction survey. At OCC, we realize that our high client satisfaction scores are attributable to the hard work and dedication of our colleagues. Our goals for 2013/14 were to have a response rate of 50% and an overall satisfaction score of 20 out of 24. We came very close in both categories, attracting a response from 45% of colleagues who rated us 18.5 out of 24. We are working on raising those scores in the coming year. OCC also successfully negotiated our collective agreements with the United Steelworkers in 2013/14, local 8327 for a four-year term and local 9597 for a three-year term.

OCC's primary service partners, ARAMARK, Freeman Audio Visual and Freeman Electrical Services, are key players in our operational product offerings and third party initiatives. Our client satisfaction goals for our partners mirror the goals we set for ourselves. In 2013/14 scores for audio visual services, rigging and electrical and show services were noticeably higher than in previous years, a credit to the hard work and positive attitudes of our partners.

The Community

We recognize the role we play in the life and economy of our host community and its role in supporting and enhancing the event experience of our clients. In doing so, we undertake to demonstrate ongoing corporate responsibility and maintain a positive community interface.

The Living Green Expo was launched in April with the OCC a presenting partner. The Living Green Expo provided an exciting opportunity for residents of the National Capital Region to access a wealth of information about local companies that offer products and services that support environmental stewardship and health and wellness. The expo sold out with over 125 booths and generated $4,500 for local charities.

OCC is working with Waste Management to find strategies that will maximize the efficiency of our waste management system. Our goal, established in 2013/14, is an 80% waste diversion rate and we look forward to achieving that within the next couple of years.

In December, OCC colleagues spent an afternoon supporting the Ottawa Food Bank by sorting their large deliveries of food and household items. OCC recognizes the importance of giving back to the community and has now set a corporate goal for volunteer work in the 2014/15 fiscal year. We are looking forward to more opportunities to help our neighbours in the community.

2013/14 Operational Highlights

- The Ottawa Convention Centre was host to Rendez-vous Canada over four days in May 2013. Rendez-vous Canada is Canada's premier international tourism marketplace. Hundreds of influential international travel buyers arrived into the nation's capital for pre-scheduled face-to-face business appointments with Canadian sellers of tourism products and services. Close to 1,500 tourism delegates attended the four-day event.
- OCC was host to a number of large international conventions in 2013, including BirdLife International that brought conservationists, politicians and business people from more than 120 countries to Ottawa in June. Close to 700 delegates and exhibitors marked two major anniversaries during the conference: the 90th anniversary of the organization from which BirdLife evolved (making it the oldest truly international conservation organization), and the 20th anniversary of the BirdLife Partnership. Celebrations took place in the presence of BirdLife's Honorary President, Her Royal Highness Princess Takamado of Japan, and Canadian authors Margaret Atwood and Graeme Gibson.
- July 2013 saw over 2,300 credit union leaders and decision makers from the largest credit unions around the globe, 61 countries in total, congregate at OCC for the annual World Council of Credit Unions conference that included four days of networking and educational sessions.
- Some of our more interesting and innovative culinary events in 2013/14 were partnered with Privé Food, including the Underground Chef's Market in November. This event brought chefs and foodies together showcasing food cooked by professionals and amateurs alike. Initially planned to attract 300, the event quickly grew to over 1,300!

Operating Statistics 2013/14

Number of events	498
Number of conventions	39
Number of trade & consumer shows	22

Number of meetings	295
Revenue	$ 15,387,464
Operating Surplus	$ 317,885

Ottawa Convention Centre Corporation Financial Statements

For the year ended March 31, 2014

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June 26, 2014

Independent Auditor's Report

To the Members of
Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa

We have audited the accompanying financial statements of Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa as at March 31, 2014, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa

Statement of Financial Position

As at March 31, 2014

	2014 $	2013 $
Assets		
Current		
Cash	1,422,935	1,695,939
Accounts receivable	330,231	506,460
Prepaid expenses	82,423	85,437
	1,835,589	2,287,836
Property, plant and equipment (note 3)	166,008,121	171,192,580
	167,843,710	173,480,416
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	1,668,662	1,893,488
Deferred revenue and deposits	1,767,626	1,953,218
Current portion of long-term debt (note 4)	134,288	128,170
	3,570,576	3,974,876
Deferred revenue and deposits	302,214	366,679
Long-term debt (note 4)	44,972,690	43,195,094
Deferred contributions related to property, plant and equipment (note 5)	113,461,773	116,674,704
	162,307,253	164,211,353
Net assets	5,536,457	9,269,063
	167,843,710	173,480,416

Commitments (note 9)

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa

Statement of Operations

For the year ended March 31, 2014

	2014 $	2013 $
Revenue		
Food and beverage	9,546,728	10,433,710
Space rental	4,044,710	3,822,822
Commissions	1,469,330	1,547,795
Advertising	196,839	222,751
Other	105,847	65,724
Interest earned	24,010	31,025
	15,387,464	16,123,827
Expenses (note 6)		
Direct	6,966,624	7,582,551
Facilities	5,373,891	5,500,524
Selling, general and administrative	2,675,064	2,724,926
	15,015,579	15,808,001
Operating excess of revenue over expenses before undernoted items	371,885	315,826
Interest on long-term debt	(2,013,715)	(1,964,574)
Amortization of deferred contributions related to property, plant and equipment	3,212,931	3,212,931
Amortization of property, plant and equipment	(5,303,707)	(5,299,833)
Excess of expenses over revenue for the year	(3,732,606)	(3,735,650)

The accompanying notes are an integral part of these financial statements.

Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa

Statement of Changes in Net Assets

For the year ended March 31, 2014

	2014 $	2013 $
Net assets – Beginning of year	9,269,063	13,004,713
Excess of expenses over revenue for the year	(3,732,606)	(3,735,650)
Net assets – End of year	5,536,457	9,269,063

The accompanying notes are an integral part of these financial statements.

Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa

Statement of Cash Flows

For the year ended March 31, 2014

	2014 $	2013 $
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue for the year	(3,732,606)	(3,735,650)
Items not affecting cash –		
Amortization of property, plant and equipment	5,303,707	5,299,833
Amortization of deferred contributions related to property, plant and equipment	(3,212,931)	(3,212,931)
Capitalization of interest to long-term debt	1,911,885	1,085,440
	270,055	(563,308)
Net change in non-cash working capital balances (note 7)	(295,640)	(135,735)
	(25,585)	(699,043)
Capital activities		
Purchase of property, plant and equipment	(119,248)	(555,443)
Decrease in construction holdback payable	–	(251,500)
	(119,248)	(806,943)
Financing activity		
Repayment of long-term debt	(128,171)	(122,331)
Decrease in cash during the year	(273,004)	(1,628,317)
Cash – Beginning of year	1,695,939	3,324,256
Cash – End of year	1,422,935	1,695,939
Supplementary information		
Interest paid	102,327	1,976,469

The accompanying notes are an integral part of these financial statements.

Ottawa Convention Centre Corporation / Société du Centre des Congrès d'Ottawa

Notes to Financial Statements

March 31, 2014

1 Nature of organization

The Ottawa Convention Centre Corporation ("the Centre") was incorporated by a special Act of the Ontario Provincial Legislature. The mandate of the Centre is to operate, maintain and manage an international class convention centre facility in the City of Ottawa in a manner that will promote and develop tourism and industry in Ontario. The Centre is exempt from income taxes.

2 Summary of significant accounting policies

Basis of presentation

The financial statements of the Ottawa Convention Centre Corporation are prepared in accordance with Canadian public sector accounting standards (PSAS), including accounting standards that apply to government not-for-profit organizations.

Revenue recognition

Revenue from food, beverage, space rental and other is recognized when the related goods or services are provided to the customer. Advertising revenue is recognized in the year in which the advertising is provided to the client. Commission revenue is recognized in the year in which the related event is held.

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

From time to time, the Centre receives contributed materials and services. Since these materials and services are either not normally purchased by the Centre or the fair value of the materials or services cannot be reasonably estimated, contributed materials and services are not recognized in these financial statements.

Use of estimates

The preparation of the financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made in the preparation of these financial statements include the useful lives of property, plant and equipment, and commission revenues earned. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided for by the straight-line method over the estimated useful life of the various classes of assets, except in the year of acquisition when a pro-rated share of the year's amortization is recorded based on the fiscal quarter in which the asset is acquired. Amortization is calculated at the following rates.

Building	40 years straight-line
Software	5 years straight-line
Furniture, equipment and fixtures	10 years straight-line
Technology network	15 years straight-line

The Centre reviews long-lived assets for impairment whenever events or changes in circumstances indicate the asset no longer has any long-term service potential to the Centre. The impairment loss, if any, is the excess of the carrying value over any residual value. Impairment losses are not reversed in future periods.

Deferred revenue and deposits

Deferred revenue and deposits represent amounts received in advance from customers in relation to services to be rendered in future periods.

Deferred contributions related to property, plant and equipment

Deferred contributions represent amounts received from various levels of government as well as one of the Centre's significant partners, to be used towards the construction and purchase of property, plant and equipment.

Deferred contributions are recognized as revenue on the same basis as the amortization of property, plant and equipment.

Employee future benefits

All full-time employees of the Centre are eligible to be members of the Centre's defined contribution pension plan which offers employees a pension benefit, upon retirement or termination, based on the accumulated contributions made by the individual employee and by the Centre, on their behalf, plus any investment earnings on these contributions. Contributions required to be made by the Centre are recorded in the period in which employee services are rendered.

During the year, the Centre recorded an expense of $78,027 (2013 – $73,788) for contributions made to the defined contribution pension plan, which is included in selling, general and administrative expenses.

Financial instruments

The Centre's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt.

The Centre has classified its financial instruments as follows.

Asset/liability	Measurement
Cash	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

The carrying amount of these financial assets and financial liabilities approximates their fair values unless otherwise disclosed.

3 Property, plant and equipment

	2014		
	Cost $	Accumulated amortization $	Net carrying amount $
Building	170,119,370	12,758,070	157,361,300
Software	274,577	233,947	40,630
Furniture, equipment and fixtures	8,373,422	2,502,025	5,871,397
Technology network	2,476,912	495,381	1,981,531
Land	753,263	–	753,263
	181,997,544	15,989,423	166,008,121

	2013		
	Cost $	Accumulated amortization $	Net carrying amount $
Building	170,101,708	8,505,085	161,596,623
Software	274,577	184,270	90,307
Furniture, equipment and fixtures	8,271,836	1,666,107	6,605,729
Technology network	2,476,912	330,254	2,146,658
Land	753,263	–	753,263
	181,878,296	10,685,716	171,192,580

4 Long-term debt

On November 2, 2012 the Centre was granted an amendment to the financing agreement with the Ontario Financing Authority. As a result of the amendment, the Centre will not be required to pay any annual instalments of principal or interest on this loan for a period of up to five years ("Stalled Repayment Period"), during which interest expense will continue to accrue. At the discretion of the Ontario Financing Authority but no later than September 2018, the Centre is required to resume blended interest and principal repayments, based on an adjusted loan amortization schedule which will be provided by the Ontario Financing Authority at the end of the Stalled Repayment Period. The loan has been presented as a long-term liability on the assumption that the Ontario Financing Authority will not request early repayment.

	2014 $	2013 $
Loan payable from the Ontario Financing Authority, bearing interest at the province's cost of funds plus 0.525% (2013 – 0.525%), compounded annually, including $2,997,325 (2013 – $1,085,440) of capitalized interest. As at March 31, 2014, the interest rate amounted to 4.7% (2013 – 4.7%).	42,997,325	41,085,440
Debt related to acquisition of technology services network, bearing interest of 4.7% per annum and requiring blended monthly payments of $19,167 (2013 – $19,167) from April 2011 through March 2026.	2,109,653	2,237,824
	45,106,978	43,323,264
Less: Current portion	134,288	128,170
	44,972,690	43,195,094

Long-term debt, excluding the loan payable to the Ontario Financing Authority, matures over the next five years as follows.

	$
Year ending March 31, 2015	134,288
2016	140,698
2017	147,414
2018	154,451
2019	161,824

5 Deferred contributions

	2014 $	2013 $
Balance – Beginning of the year	116,674,704	119,887,635
Amortization	(3,212,931)	(3,212,931)
Balance – End of year	113,461,773	116,674,704

6 Expenses

Expenses presented by function are represented as follows.

	2014 $	2013 $
Direct	6,966,624	7,582,551
Facilities	10,677,598	10,800,357
Selling, general and administrative	2,675,064	2,724,926
Financial	2,013,715	1,964,574
	22,333,001	23,072,408

The above presentation of expenses by function excludes the amortization of deferred contributions related to property, plant and equipment, as these are considered revenue in accordance with the Centre's accounting policies described in note 2.

7 Net change in non-cash working capital balances

The net change in non-cash working capital balances consists of the following changes in current assets and liabilities.

	2014 $	2013 $
Accounts receivable	176,229	791,108
Prepaid expenses	3,014	2,001
Accounts payable and accrued liabilities	(224,826)	(1,380,431)
Deferred revenue and deposits – current	(185,592)	351,381
Deferred revenue and deposits – long-term	(64,465)	100,206
	(295,640)	(135,735)

8 Financial instruments and risk management

The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Cash, being the only financial instrument measured at fair value, was measured as a Level 1 financial instrument.

Credit risk

Credit risk refers to the risk resulting from the possibility that parties may default on their financial obligations to the Centre. The Centre's booking policies are designed to minimize the amounts due from customers upon the conclusion of their event and thereby reduce their credit risk exposure. Further, the Centre's management performs regular reviews of the credit worthiness of its customers and has collection policies that management feels are adequate to minimize losses in this area. The Centre does not consider its accounts receivable as presenting any significant credit risk.

As at March 31, 2014, based on their invoice date, the following accounts receivable were past due but not impaired.

	31 – 60 days $	61 – 90 days $	91 – 120 days $	Over 120 days $
Accounts receivable	26,149	8,156	–	–

Liquidity risk

Liquidity risk refers to the risk that the Centre will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its long-term debt. As at March 31, 2014, the Centre was in compliance with loan covenants and was able to discharge its liabilities. In November 2012, the Centre successfully renegotiated its long-term debt agreement with the Ontario Financing Authority (note 4), and as a result, the Centre expects to continue to be in compliance with loan covenants and be able to discharge its liabilities in fiscal 2015 and beyond.

The table below is a maturity analysis of the Centre's financial liabilities as at March 31, 2014 excluding the loan payable to the Ontario Financing Authority (note 4).

	Up to 6 months $	More than 6 months up to 1 year $	More than 1 year up to 5 years $	More than 5 years $	Total $
Accounts payable and accrued liabilities	1,591,870	4,414	36,189	36,189	1,668,662
Long-term debt (excluding non-capitalized interest)	66,362	67,927	604,388	1,505,265	2,243,942
	1,658,232	72,341	640,577	1,541,454	3,912,604

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Centre has $42,997,325 (2013 – $41,085,440) in debt bearing interest at the Province of Ontario's cost of funds plus 0.525% annually (note 4). Management does not consider the Centre to be exposed to significant interest rate risk.

As at March 31, 2014, the Centre's total exposure to interest rate risk is $42,997,325. The Centre's estimate of the effect on net assets, as at March 31, 2014 of a one percent increase or decrease in the interest rate on long-term debt, with all other variables held constant, would amount to an approximate increase or decrease of $429,973. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Financing available

The Centre has an unused line of credit of $5,000,000 (2013 – $5,000,000) which is available until March 2016. Interest is charged at prime.

Sensitivity analysis

The sensitivity analysis included in this note should be used with caution as the changes are hypothetical and are not predictive of future performance. The above sensitivities are calculated with reference to year-end balances and will change due to fluctuations in the balances in the future. In addition, for the purpose of the sensitivity analysis, the effect of a variation in a particular assumption on the fair value of the financial instruments was calculated independently of any change in another assumption. Actual changes in one factor may contribute to changes in another factor, which may magnify or counteract the effect on the fair value of the financial instrument.

9 Commitments

The Centre has entered into facility services and technology services agreements related to the operation of the new facility, both expiring in 2026. Under the facility services agreement, among other terms, the Centre will pay a facility management fee of $220,000 (2013 – $210,000) with annual escalations of $10,000 thereafter. Under the technology services agreement, the Centre will make annual payments of $286,000 (2013 – $284,000) attributable to the ongoing service agreement. All figures exclude applicable taxes.

10 Capital management

The Centre's objective when managing capital is to maintain its ability to continue as a going concern in order to execute its mandate to operate a world class convention facility. The Centre's capital structure is comprised of its net assets and deferred contributions related to property, plant and equipment. The Centre's objective in management of its capital structure is to ensure access to sufficient cash flow to carry out its ongoing operations and service the debt obligations to the Ontario Financing Authority.